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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 001101

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E.O. 12958: DECL: 1.6 X5, X6

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SUBJECT: KUWAIT OIL UPDATE -- MARCH 26, 2003

REF: KUWAIT 1078 AND PREVIOUS

Classified By: DCM Frank C. Urbancic for reasons 1.5. (B) and (D)

1. (U) Local press reports on 3/26 noted the visit of the acting Minister of Oil, Sheikh Ahmed Al-Fahed Al-Sabah to the Ratqa oil field where he met with the Kuwait oil firefighting team. The press report notes the cooperation of the Kuwaiti team with an American team could result in all the fires in the Rumaila field being extinguished within ten days. The report also states that work was delayed 3 hours on Tuesday because of poor weather; no work was scheduled for Wednesday to allow the teams to integrate their efforts.

2. (C/NF) Embassy notes that despite earlier statements that KOC would increase production from the Ratqa field in northern Kuwait by up to 30,000 bpd in order to reduce reservoir pressure and advance firefighting efforts in the southern Rumaila field, KOC numbers over the last few days have shown a drop in production from the north. When Embassy began receiving KOC reports, KOC North production was 423,432 bbls (March 17). Today's figure for KOC North is almost 5.5% below that (400,265 bbls). Separately, post notes that stocks of Kuwait Export Crude have grown from 4,502,279 bbls on March 17 to 5,816,692 bbls on March 26 - a 29% increase in nine days. While we suspect this is well within normal operating limits, it could also be interpreted as a slowing of regularly scheduled tanker loadings. Post is seeking clarifications on these issues.

3. (C) Following is unedited data set received from Kuwait Petroleum Corporation afternoon of 3/26/03. Explanatory comments follow.

(Begin Report)

Kuwait Petroleum Corporation
Daily Crude Production
All figures in bbls

This report covers activities from 0500 3/25/03 to 0500 3/26/00

Total Kuwait
Production 2,445,041

KOC Proper:
South East: 1,370,404
West: 353,878
North: 400,265
Total: 2,124,547

Wafra Joint Operations:
R/B to KOC 147,333
R/B to KNPC 0
R/B to SAT 0
R/B total 147,333
Eocene 32,661

KGOC:
Khafji 120,500
Hout 20,000

KEC Receipt 2,254,008 (API 30.6, Salt PTB 25.8)
KEC Stock 5,816,692
KEC Ullage 8,377,039

(End Report)

4.(C) Explanatory Comments:

Wafra Joint Operations refer to onshore concessions in Saudi-Kuwait divided zone operated by Saudi Arabian Texaco (SAT). R/B refers to the two producing reservoirs -- Ratawi and Burgan.

KOC is Kuwait Oil Company
KNPC is Kuwait National Petroleum Corporation

KGOC is the Kuwaiti successor to Arabian Oil Company (AOC), which previously operated a concession in the offshore portions of the Saudi-Kuwait divided zone -- AOC still operates the fields under a service agreement.

KEC refers to Kuwait Export Crude, the country's export blend. Salt PTB refers to pounds of salt per thousand barrels of crude oil.

JONES